Alberta
ENERGY

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08-03

GAS ROYALTY CALCULATION INFORMATION BULLETIN
March 2008

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PLEASE ENSURE YOUR PRODUCTION ACCOUNTANTS RECEIVE A COPY OF THIS DOCUMENT.

A. PRICING RATES AND TRANSPORTATION INFORMATION

For Pricing, Royalty Rates and Transportation Information for January 2008, refer to Attachments 1, 1A, 2, 2A, and 3. These attachments are also available in Excel format.

B. NOTICES

Royalty Liable Gas Used for Fuel (PURREC and PURDISP)

As noted in the December 2007 Information Bulletin, the department is reviewing volumetric disposition of gas, reported on the Petroleum Registry of Alberta (PRA) from batteries, gathering systems or gas plants to batteries or gathering systems for the purpose of fuel. The objective of the review is to ensure that all royalty liable fuel is accurately reported on PRA to facilitate Crown royalty calculation.
When there is a sale of gas or transfer of ownership within the royalty network the gas volume is subject to royalty. Where the gas is used for fuel, it must be reported as a "PURREC" (Purchased Receipt) by the operator receiving it.

For example: If a Gas Plant (GP) sells gas for fuel to a Battery (BT) each month, the reporting is:

1. The BT operator must report a PURREC.
2. This will auto populate a PURDISP at the GP.
3. The GP operator must then file a SAF/OAF for the PURDISP.

Please note that the seller of the gas that is used for fuel is not absolved from royalty liability and interest where the purchaser fails to report correctly. All parties should take steps to ensure that in network sales or transfers of gas are correctly reported.

C. MONTHLY INFORMATION

January 2008 Royalty Due April 30

- **Royalty clients are to remit the total amount payable shown on the April 2008 Statement of Account by April 30, 2008.** If the amount payable includes accrued current period interest, the interest has only been accrued to the statement issue date. Clients must also include the additional interest that has accrued from the statement issue date to the date of payment, using the per diem amount provided.
- **The April 2008 Statement of Account shows your amount payable as of the Statement issue date. It includes any outstanding balances from your previous statement, your January 2008 Invoice amount and any applicable current period interest charges. It also identifies refunds resulting from overpayments.**
- Current period interest will not be charged on current invoice charges for the production month of January 2008 if it is paid in full by April 30, 2008.

- Current period interest will accrue on any overdue charges commencing the first day after the due-date until it is paid in full.

  Note: If the due date falls on a non-business day, the next business day will apply as the due date.

- Cheques are payable to the Minister of Finance, Province of Alberta.

February 2008 VA4 Due April 15

The VA4 forms for the production month of February 2008 are due in the department offices by April 15, 2008.

Note: If the due date falls on a non-business day, the next business day will apply as the due date for VA4 forms.

Registry Deadline Submissions

The Registry deadline submissions for SAF, OAF, and Volumetrics are posted in the Petroleum Registry of Alberta website "Reporting Calendars" under Bulletin Board.

Changes to this calendar will be posted on the Registry website home page in "Broadcast Messages."

Interest Rate March 2008

Alberta Energy's interest rate for March 2008 is 6.75%.

December Provisional Assessment Charge

The summary of Provisional Assessment Charges for all production periods in the December 2007 billing period was:

First Time Provisional Assessment	Reversals of Provisional Assessments	Net Provisional Assessment
$5,874,127.90	($11,036,291.05)	($5,162,163.15)

December Penalty Charges

The penalty table below shows at the form level, the total penalty charges and reversals, for the December 2007 billing period:

FORM	Penalty Charges	Penalty Reversals	Net Penalty Charges for 2007/12
AC2	$172,900	($18,800)	$154,100
AC4	$3,200	($200)	$3,000
AC5	$1,000	$0	$
GR2	$0	$0	$0
NGL1	$0	$0	$0
VA2	$0	$0	$0
VA3	$0	$0	$0
VA4	$	$0	$400
Total	$177,500	($19,000)	$158,500

Gas Royalty Calculation Support

Gas Royalty Calculation staff will be available monthly to meet with clients who need assistance with royalty reporting. Royalty clients requiring assistance are encouraged to call Richard Stokl, Manager, Client Services (780-422-9258) or e-mail richard.stokl@gov.ab.ca two business days before the meeting date to arrange an appointment. The March through July schedule is as follows:

Where:

AMEC Place
Room 437, 801-6 Avenue SW
Calgary, Alberta
Phone: 403-297-8954
(Industry must go to the 3rd Floor Reception upon arrival to sign-in and be given a visitor tag)

When – 10 am to 3 pm

March 27, 2008
April 24, 2008
May 29, 2008
June 26, 2008
July 31, 2008

D. INFRASTRUCTURE DATA CHANGES

Client ID Listing

The BA Identifiers Report is a directory of Business Associate (BA) names, codes, status (e.g. struck, active, amalgamated, etc.), status effective dates, and effective August 2004, includes Working Interest Owner (WIO) role start/end dates.

This report is also published daily on the Petroleum Registry website at:

http://www.petroleumregistry.gov.ab.ca

The department reminds Business Associates to review their WIO role to ensure the start and end dates are reflected correctly. If the BA does not have an active WIO role, the operators cannot allocate volumes to the BA for the relevant production periods through the SAF/OAF allocations.

- If a BA has a WIO role start date with no end date, then that BA can receive allocations from the stated start date forward.
- If a BA has a WIO role start and end date, then they can only receive allocations from the stated start date until the end date. Any allocations after the end date will be rejected.
- If a BA does not have a WIO role start date, then that BA cannot receive SAF/OAF allocations.

Please contact Client Registry at 780-422-1395 if you have any questions regarding the information supplied on this listing.

Projects/Blocks

If information is required on Projects or Blocks, please contact Isabelle Warwa at 780-427-8952.

Client Status Changes

Clients must ensure that all royalty documents are completed using only valid client names and IDs. It is critical that royalty clients use current legal client names and their appropriate IDs on all documents to ensure accurate royalty calculation and to prevent provisional assessment and penalties. Rejects will occur when invalid IDs are used.

If you require information regarding client names or IDs, please contact Client Registry at 780-422-1395.

Nova Tolls - Multiple Gas Reference Prices

Royalty information related to the implementation of the Factor Model negotiated with industry for determining Multiple Gas Valuation Prices is provided on the Natural Gas website's Royalty Related Information page under Facility Royalty Trigger Factors and Meter Station Ties.

E. REMINDERS

Weighted Average Aggregator Overhead Marketing and Administration Charges (OMAC)

For Gas Corporate Average Price (CAP) filers, when determining the netback value, the weighted average OMAC type charges may be deducted for sales to non-designated aggregators. Refer to Chapter IV, Section 1.9.6.1 of the Guidelines for additional information.

The Weighted Average Aggregator OMAC ($/GJ) for 2007 is $0.019. Refer to Chapter IV, Sections 1.5.7 of the Guidelines for additional information.

Annual Weighted Average Gas Reference Price

The Annual Weighted Average Gas Reference Price for 2007 is $5.89. This price is used in the calculation to determine the 2007 minimum price for the Gas Corporate Average Price. Refer to Chapter IV, Section 1.9.6.3 of the Guidelines for additional information.

Historical Pricing and Royalty Data

A listing of historical royalty related data for information purposes was published in the February 2008 Information Bulletin.

Turnaround Time for Allowable Cost (AC) Submissions

Facility Cost Centre Set-up/Change (AC1)
With the March 1 deadline of AC1 submissions for 2007, new FCC set-ups submitted through batch or on-line will be processed by the department within a half-day turnaround time and these requests will not be delayed due to an invoice cycle. All other FCC changes will be processed overnight and will not occur during an invoice cycle. AC1s submitted on the weekend and on any statutory holiday will not be processed until the next business day.

Annual Allowable Cost Submissions (AC2, AC3, AC4 and AC5)
AC2, AC3, AC4 and AC5 are processed nightly except:

- During an invoice cycle, and
- Submissions made on a weekend or on any statutory holiday, which will not be processed until the next business day.

Assessment of Late Filing Penalties - Grace Periods

The department allows a 15-day grace period for a penalty levy on both the AC2-V2/V3 and AC5-V2/V3 submission if the submission is received on or before the due date but is rejected because of MRIS edits and the corrected system acceptable AC2-V2/V3 and AC5-V2/V3 is received within the grace period.

Please see Attachments 4 and 5 for calendar examples for both the AC2-V2/V3 and AC5-V2/V3 submission filing deadlines. The AC2 calendar identifies the number of possible days the submission may be amended and re-submitted prior to the penalty being levied. The AC5 calendar identifies the number of possible days the submission may be amended including the grace period. Once the grace period ends, any late AC5 submissions will incur a late filing penalty once the submission is received by the department.

If you have any questions, please contact your Gas Royalty Client Service portfolio representative as identified in Section F of this bulletin.

Raw Gas Allocation (RGA)

The Alberta Natural Gas Royalty Guidelines, 2006, Chapter IV, section 1.5.2 states that raw gas sold at arm's length is eligible for 80% gas reference price valuation. Gas sales are considered to be at non-arm's length if they are to related parties within the meaning of the Canadian Institute of Chartered Accountants (CICA) handbook.

In April 2008 calendar month, the MRIS system will identify, retroactive to 2003, all non-arm's length raw gas sales and recalculate royalty payable and assessed at 100% reference price valuation on gas and gas products. As noted in the December 2007 Information Bulletin, the department is reviewing RGA submissions for the production years 2003 onwards.

The User Defined File (UDF) handbook has been updated to reflect this change. This change may require modifications to industry software to accommodate non-arm's length raw gas sales.

To view the changes in the UDF handbook, go to the Natural Gas website's Royalty Related Information page, under Crown Royalty Detail Statement (April 2008).

For further information on the UDF handbook, please contact Penny White at 780-422-9261.

Monthly Sulphur Corporate Average Price Calculation – VA4 Form

The department requires royalty clients with an annual sulphur production of 30,000 tonnes or greater in the 2007 production year to file VA4 forms monthly, beginning with the January 2008 production month. The VA4 form is due on or before the 15th day of the second month following the respective production month. A royalty client whose annual sulphur production is less than 30,000 tonnes may choose to file the VA4 forms monthly beginning with January's production month; however, if this choice is made, the client must file VA4 forms for the entire year. The department will use the VA4 forms to determine each client's monthly Sulphur Corporate Average Price (S-CAP) and the monthly sulphur default price. We calculate each month's sulphur default price as the weighted average unit value of all arms length sales for all clients who filed VA4 forms for that month. The department will value and invoice the Crown royalty share of sulphur production monthly using the respective S-CAP price for clients who file VA4 forms, and the sulphur default price for clients who chose not to file VA4 forms. The VA4 form is subject to $100 in late filing penalties for each month or part of the month the form is past due. The VA4 form for the production month of January 2008 is due in the department by March 17, 2008.

Royalty clients who file monthly VA4 forms must file annual VA3 forms. The VA3 form remains the primary sulphur valuation tool and the S-CAP determined from each VA3 will replace the entire year's monthly prices determined from the VA4 forms. The VA3 is due on or before April 15th of the year following the year of production. Interest is charged/paid on the Crown royalty difference when adjusting from monthly to annual valuation. The VA3 form is subject to a one-time $1,000 late filing penalty.

The following royalty clients must submit VA4 forms effective with the 2008 production year, which includes any pricing information for each of its consolidated/amalgamated entities:

Client ID	Client Name	Client ID	Client Name
0017	IMPERIAL OIL RESOURCES	0KT5	ESPRIT EXPLORATION LTD.
0039	TALISMAN ENERGY INC.	0N00	PRIMEWEST ENERGY INC.
0054	SUNCOR ENERGY INC.	0PF8	HUNT OIL COMPANY OF CANADA, INC.
0060	BP CANADA ENERGY COMPANY	0R46	HUSKY OIL OPERATIONS LIMITED
0226	NEXEN INC.	0RA3	PENGROWTH CORPORATION
0246	PETRO-CANADA	0T82	CANADIAN FOREST OIL LTD.
0BL1	BURLINGTON RESOURCES CANADA LTD.	0W9D	BURLINGTON RESOURCES CANADA PARTNERSHIP
0CW8	COMPTON PETROLEUM CORPORATION	0WW6	HIGHPINE ENERGY LTD.
0D7E	ENCANA OIL & GAS PARTNERSHIP	0YT7	MANCAL ENERGY INC.
0F3F	DEVON CANADA	A08J	ENERPLUS OIL & GAS LTD.
0FW6	CONOCOPHILLIPS CANADA RESOURCES CORP	A0L6	FAIRBORNE PIVOTAL PRODUCTION PARTNERSHIP
0G30	ARC RESOURCES LTD.	A162	DAYLIGHT ENERGY LTD.

0HE9	CANADIAN NATURAL RESOURCES LIMITED	A2F0	SHELL CANADA ENERGY
0JT1	EXXONMOBIL CANADA ENERGY		

Capital Cost Allowance Filing - Expected AC2 Reports on the Registry

The Crown deducts allowances for costs incurred and paid in Alberta for compressing, gathering and processing its royalty share of gas and gas products. The Facility Cost Centre (FCC) operator, on record at year end, is responsible for filing the capital cost allowance data (AC2-V3) via the Registry.

The Expected AC2 Report identifies the FCC operator as of a specific date and is generated to aid FCC operators in verifying their status as well as effective date. In addition, it identifies whether a valid Capital Cost Allowance (AC2) was submitted for a production year.

The Expected AC2 Report is grouped by an Energy Resources Conservation Board (ERCB) Facility and related FCC. The report displays the following:

- Facility ID and Facility Name
- FCC ID and FCC Name
- "Y"(yes) and "N"(no) Indicators to identify whether or not the FCC is fully depreciated
- The FCC Operator Effective Date
- "Y"(yes) and "N"(no) Indicator to determine whether or not an AC2 was submitted for the production year
- All consolidated/amalgamated companies have been included within this report, where applicable.

The information in the report reflects the department's records as of the file preparation date and does not reflect submissions subsequently received and/or processed. Any submissions (AC1, AC2, Invoice Consolidation Concurrence – ICC1, etc) processed after the report date will not be shown. Please note that absence of a company name or FCC from these reports will not be an acceptable reason to waive a penalty once assessed.

The Expected AC2 Report is available in PDF, TXT and CSV formats and is generated weekly during the Gas Cost Allowance reporting season. Effective Monday February 4th, 2008, and each Monday thereafter to and including May 12th, 2008, with the exception of Mondays that are scheduled during invoice processing, the Expected AC2 reports will be available on the Registry. This report may be requested on demand, on a client basis, by contacting your Gas Royalty Client Service portfolio representative as identified in Section F of this bulletin or Joey Dennis at 780-422-9260.

If you are not the operator for the FCC identified on the report, please submit a Facility Cost Centre Set-Up/Change (AC1-V2) via the Registry identifying the change in operator and its effective date. An AC1 submission identifying an FCC change in operator is due on or before the last day of the month following the production month in which the change occurred. For information regarding the AC1-V2 submission, please refer to Chapter VI, Section 2 of the Alberta Natural Gas Royalty Guidelines, July 2006.

Please note that FCCs that are shut-in or terminated for an entire production year will not appear on the report. Operators of fully depreciated (zero remaining useful life) FCCs remain responsible

for AC2-V3 submissions. Submissions are required to ensure the department has correctly identified Capital Cost Allowance allocations and Custom Processing Adjustment Factors for the FCC. AC2-V3 submissions will also prevent operating cost recaptures for royalty clients with ownership interest in an FCC.

AC2-V3 submissions are required to be filed on the Registry. An AC2-V3 can be entered online or by batch. If a system acceptable AC2-V3 submission is not received and processed by the filing deadline (April 30th of the year following the production year to which it relates) a penalty will be assessed. For information regarding the AC2-V3 submission, please refer to Chapter VI, Section 3, of the Alberta Natural Gas Royalty Guidelines, July 2006. Please contact The Petroleum Registry of Alberta, Service Desk, regarding access to or utilization of the registry at 1-800-992-1144.

Submission of Production Year 2007 Allowable Cost (AC) and Corporate Average Price Calculation (VA) Submissions

Royalty clients are advised that Allowable Cost submissions (AC1, AC2, AC3, AC4 and AC5) and Corporate Average Price calculation submissions (VA2 and VA3) for the 2007 production year are due on the following dates:

Form Type	*Due Date*	*Penalty*
AC1	March 01, 2008	-
AC4	March 31, 2008	$200/Form/Year until received
VA2	April 15, 2008	$1,000/One time only
VA3	April 15, 2008	$1,000/One time only
AC2	April 30, 2008	$100/Form/Month until received
AC3	May 15, 2008	-
AC5	May 15, 2008	$100/Form/Month assessed when form is received

Please note that all allowable cost submissions (initial and amended filings for current and prior production years) by FCC operators are required to be completed on the Registry. Although use of the Registry to submit AC3 and AC5 data is mandatory for operators, it remains voluntary for non-operators. However, non-operators are strongly encouraged to use the Registry to submit and retrieve their AC3 and AC5 data. The business rules and submission method for VA2 and VA3 submissions remain the same with notification from the department informing clients that their submissions have been processed. Annual allowable cost submissions are processed nightly except during an invoice run cycle. New facility cost centre set-ups are processed within four hours of receipt if received in the morning with an overnight turnaround if received in the afternoon. Processing of new facility cost centre set-ups continue during an invoice run cycle. The Corporate Average Price submissions are processed as they are received.

The department encourages timely submissions to allow sufficient turnaround time for corrections. Non-operators are particularly encouraged to file their Corporate Average Price submissions timely by mail or direct delivery to the Calgary Information Centre. The font size on faxed forms must be 10 pt or greater and must not be bold. Penalties will apply where valid system acceptable submissions are not received by the filing deadline.

Should you have any questions or require clarification regarding these matters, please contact Joey Dennis at 780-422-9260 or e-mail joey.dennis@gov.ab.ca.

2007 AC4 Filing - Allowable Operating Costs

The operator of a Facility Cost Centre (FCC) that is tied to a designated facility, or is a processing type FCC tied to a non-designated facility that is a sweet or sour gas plant, is required to report annual operating costs on the AC4 submission to the department, describing the allowable operating costs of the FCC for each year. Should an AC4 not be submitted, no operating costs for the FCC will be applied in the calculation of the Unit Operating Cost Rates (UOCR) for the following year.

The due date for the 2007 AC4-V2 is **March 31, 2008**. FCC operators are encouraged to submit their AC4-V2 submissions prior to the due date to allow for correction turnaround should rejections occur. Penalties will apply where valid system acceptable submissions are not received by the filing deadline. The 2007 AC4 reminder notices will be sent to operators, via the Registry, identifying those FCCs for which an AC4-V2 is required. AC4 reminder notices will be loaded on the Registry on the following dates:

- March 31, 2008
- April 3, 2008

AC4 turnaround documents will not be produced as all corresponding data will be available on the Registry following processing of the data transfer files from the Mineral Revenue Information System (MRIS). AC4 rejection notices are also delivered to operators via the Registry.

Commencing the first week in March, a listing of outstanding AC4 forms will be published on the Natural Gas website's Royalty Related Information page under Royalty and Related Information Review. Please scroll to the updates near the bottom of the page and select **Outstanding AC4s for 2007** to open the most recent listing. Updates should be monitored closely in order to resubmit rejected submissions on or before March 31, 2008. If you have any questions, please contact your Gas Royalty Client Services portfolio representative as identified in Section F of this bulletin or contact Joey Dennis at 780-422-9260.

Custom Processing Allowance Fees Paid – Expected AC5 and Energy Adjusted Gas Equivalent Volume (EAGEV) Reports on the Registry

Royalty clients that have incurred and paid for compressing, gathering and/or processing gas and gas products on a fee-for service basis, in Alberta, are required to submit an AC5-V3 to the department by May 15 of the year following the production year to which it relates. This includes custom processing fees associated with freehold, purchased, and out-of-province volumes. The Expected AC5 Report provides a complete list of the Energy Resources Conservation Board (ERCB) facilities and related Facility Cost Centres (FCCs) where the operator has allocated custom user volumes to the royalty client in Part 5 (Custom Processing Adjustment Factor) of a Capital Cost Allowance AC2-V3 submission.

This report is generated to aid royalty clients in identifying the ERCB facilities and FCCs that **require** the royalty client to file an AC5-V3. The information in the report identifies the department's records as of the file preparation date and does not reflect submissions subsequently received and/or processed.

The Expected AC5 Report is grouped by ERCB Facility and related FCC. The report displays the following:

- FCC ID, FCC Name & FCC Type
- Operator ID and Name allocating custom user volumes
- Allocated Custom Processing (CP) volumes in 10^3m^3

In addition, as of the report generation date, there are "Y" (yes) and "N" (no) indicators for the previous and current production years that identify whether the:

- department has received a valid AC5-V3 submission for the royalty client and
- whether the ERCB facility has been reported on the AC5-V3 submission.

The EAGEV report is generated for all royalty clients and identifies volumetric allocations for volumes produced (SAF/OAF and RMF2) at ERCB facilities. This report should be used in conjunction with an Expected AC5 Report as a royalty client cannot file an AC5-V3 submission unless volumes have been reported at ERCB facilities identified on the EAGEV report. In addition, if a royalty client has custom user volumes which do not appear on the Expected AC5 Report, indicates that the operator has not identified the client on the AC2-V3 submission. This inconsistency may indicate filing discrepancies that require an amendment by the facility operator.

If a system acceptable AC5-V3 submission is not received and processed by its filing deadline (May 15 of the year following the production year to which it relates) it is subject to penalty charges upon receipt. For information regarding the AC5-V3 submission, please refer to Chapter VI, Section 6 of the Alberta Natural Gas Royalty Guidelines, July 2006.

Both the Expected Custom Processing Fees Paid (AC5) report and the EAGEV report are available in PDF, TXT and CSV formats. Effective Friday, April 4, 2008 and every second Friday thereafter up to and including Friday, May 30, 2008, with the exception of Fridays that are scheduled during invoice processing, the Expected Custom Processing (AC5) report and the EAGEV report will be delivered on the Registry for retrieval. Operators of FCCs must utilize the Registry to retrieve these reports. The delivery of the EAGEV report on these specific dates is intended for the convenience of the client only, and is not intended to replace the normal delivery and/or availability of the report that is scheduled monthly. Non-FCC operators and other royalty clients that currently submit and receive paper documents will continue to receive the Expected AC5 report accompanied with an EAGEV report, by mail, on the same delivery schedules prescribed above. Please note that the absence of an Expected AC5 report, EAGEV report, ERCB facility ID or an FCC from these reports will not be an acceptable reason for a waiver of penalty.

In addition, both reports may be requested, on a client basis, by contacting your Gas Royalty Client Service portfolio representative as identified in Section F of this bulletin or Joey Dennis at 780-422-9260 or email joey.dennis@gov.ab.ca.

Electronic filers are required to submit their Allowable Cost forms via the Registry. Contact the Petroleum Registry of Alberta Service Desk regarding access to or utilization of the Registry. To contact the Petroleum Registry of Alberta Service Desk call: 1-800-992-1144.

Please be reminded that the deadline for filing an AC5-V3, for the production year 2007, is May 15, 2008.

F. POINTS OF CONTACT

Petroleum Registry of Alberta

The Petroleum Registry of Alberta Service Desk is the focal point for communications with the Registry regarding preparations for, access to, or utilization of the Registry. To contact the Petroleum Registry of Alberta Service Desk call: 1-800-992-1144.

Alberta Energy Internet

Prices, Royalty Rates, and Transportation Information are available on the Alberta Energy Internet address: www.energy.alberta.ca, from "Our Business", navigate to "Natural Gas", "About Natural Gas", "Prices", "Alberta Natural Gas Reference Price (ARP)".

In addition, both the Gas Royalty Calculation Information Bulletins and Information Letters are also available under "Our Business", navigate to "Natural Gas", "Legislation, Guidelines & Policies".

Gas Royalty Client Services

Gas Royalty Client Services is structured as a Business Associate client portfolio system, which assigns a given Business Associate to one of four Client Service teams. Listed below is the portfolio breakdown along with Client Service Team Leads and phone numbers. The portfolios are divided by company name and not by BA ID.

Example: If your company name is the "Gas Company" you would call C – G team at 780-644-1202.

Business Associate	Phone Number and E-mail Address	Team Lead
Numbered companies, A, B & L	780-644-1201 GRCST1@gov.ab.ca	Mary Spearing
C – G	780-644-1202 GRCST2@gov.ab.ca	Todd Atwood
H – P (excluding L)	780-644-1203 GRCST3@gov.ab.ca	Chris Nixon
Q – Z	780-644-1204 GRCST4@gov.ab.ca	Jyoti Bhambhani

Gas Royalty Reception: 780-427-2962
Fax: 780-427-3334 or 780-422-8732
Alberta Toll Free: 780-310-0000

Hours of operation are 8:15 a.m. to 4:30 p.m. Voice messages left after 4:30 p.m. will be answered the next business day.

In situations where a company has just amalgamated or purchased another company, the general rule is to call the team that is responsible for the "Supra" business associate, or Royalty payer.

Below are some guidelines for clients who are unsure which Client Services Team to call regarding their questions.

1. **Amalgamation/consolidation** - Call the team responsible for the "Supra" business associate (Royalty Payer).
   i.e. ABC Oil and Gas amalgamates with Zed Exploration and Zed is the amalgamator (royalty payer). When calling Client Services regarding business for ABC Oil and Gas you would call Team 4 (Q-Z) (780-644-1204) because Zed Exploration is now the Supra business associate and royalty payer. This rule would apply even if you were calling regarding business that is prior to the acquisition or amalgamation.

2. **Asset Purchase** - Call the team responsible for your company.
   i.e. 123 Gas purchases the assets of TSP Exploration, but not the company. When calling Client Services regarding business for 123 Gas you would call Team 1 (# Co., A, B, & L) (780-644-1201) because you have only purchased assets. You would not be entitled to information regarding business for TSP Exploration that is prior to the asset purchase.

3. **Consultants/service providers** - If you have a contract to provide production accounting services to a company, call the team responsible for your client's company.
   i.e. Paul Snow Consulting Services enters into a contract with Duckback Oil and Gas and Olive Oil and Gas. Paul Snow would contact Team 2 (C-G) (780-644-1202) to discuss Duckback Oil business and Team 3 (H-P excluding L) (780-644-1203) to discuss Olive Oil and Gas business. At the time the contract is signed, Paul Snow would have had each company notify the appropriate team that he was authorized to access information for their company.

Reference Prices and Valuation Allowances Calculation Information

Gas Royalty Valuation and Markets
300, 801 – 6 Avenue SW
Calgary, Alberta T2P 3W2
Telephone: 403-297-5514
Fax: 403-297-5400

Calgary Information Centre

300, 801 – 6 Avenue SW
Calgary, Alberta T2P 3W2
Telephone: 403-297-6324
Fax: 403-297-8954

Deen Khan
Director, Gas Royalty Calculation
Gas Development

Attachments

2008 GAS AND ISC PRICES

MONTH	Gas Reference Price ($/GJ)	Methane ISC Reference Price ($/GJ)	Methane ISC Par Price ($/GJ)	Ethane ISC Reference Price ($/GJ)	Propane ISC Reference Price ($/GJ)	Butane ISC Reference Price ($/GJ)	Pentanes plus ISC Reference Price ($/GJ)
JAN	6.19	6.13	6.13	6.61	6.80	6.83	6.86
FEB							
MAR							
APR							
MAY							
JUN							
JUL							
AUG							
SEPT							
OCT							
NOV							
DEC							

Natural Gas and NGLs Select Prices for 2008	
Commodity	2008
New Methane	1.496$/GJ
Old Methane	0.441 $/GJ
New Ethane	1.496 $/GJ
Old Ethane	0.441 $/GJ
Propane	1.496 $/GJ
Butane	1.496 $/GJ
Pentanes plus	53.49$/m3

Royalty Factors for Pentanes plus		
	Base	Marginal
New Pentanes	22	35
Old Pentanes	22	50

DETAIL OF THE JANUARY 2008 GAS AND ISC REFERENCE PRICES

	Gas	Methane	C2-IC	C3-IC	C4-IC	C5-IC
Weighted Average Price of Alberta	6.539	6.494	6.888	7.048	7.054	7.059
Deductions: Intra – Alberta Transportation	0.271	0.288	0.164	0.116	0.089	0.068
Marketing Allowance	0.012	0.012	0.012	0.012	0.012	0.012
Price Before Pipeline Factor	6.256	6.194	6.712	6.920	6.953	6.979
Pipeline Fuel/Loss Factor	0.990	0.990	0.990	0.990	0.990	0.990
Price before Special Adjustment	6.191	6.130	6.642	6.849	6.881	6.907
Special Adjustment	0.000	0.000	0.000	0.000	0.000	0.000
Price before 2% amendment limitation or rounding	6.191	6.130	6.642	6.849	6.881	6.907
Amendments: Carry forward (from previous RP month)	0.002	0.003	0.003	0.000	0.001	-0.001
Prior Period Amendment Adjustment (current RP month)	-0.002	-0.001	-0.034	-0.050	-0.050	-0.050
Calculated RP after Amendments	6.191	6.132	6.611	6.799	6.832	6.856
JANUARY 2008 Reference Price	**6.19**	**6.13**	**6.61**	**6.80**	**6.83**	**6.86**
Difference = value carried forward to next RP month	0.001	0.002	0.001	-0.001	0.002	-0.006
Adjusted IATD (before Prior Period Amendments)	n/a	0.285	0.163	0.114	0.088	0.067
Prior period Amendments (IATD and Pipeline Fuel Loss)	n/a	0.000	0.000	0.000	0.000	0.000
Adjusted IATD (after Prior Period Amendments)	n/a	0.285	0.163	0.114	0.088	0.067

2007 Weighted Average Gas Reference Price ($/GJ)
5.892

2007 Weighted Average OMAC ($/GJ)
0.019

2008
NATURAL GAS LIQUIDS PRICES

MONTH	Ethane Reference Price ($/GJ)	Ethane Par Price ($/GJ)	Propane Reference Price ($/m3)	Propane Par Price ($/GJ)	Propane Floor Price ($/m3)	Butanes Reference Price ($/m3)	Butanes Par Price ($/GJ)	Butanes Floor Price ($/m3)	Pentanes plus Reference Price ($/m3)	Pentanes plus Par Price ($/m3)	Sulphur Default Price ($ per tonne)
JAN	6.61	6.61	379.50	6.80	324.38	533.35	6.83	402.11	631.90	615.30	189.25
FEB											
MAR											
APR											
MAY											
JUN											
JUL											
AUG											
SEPT											
OCT											
NOV											
DEC											

ANNUAL SULPHUR DEFAULT PRICE				
2002	2003	2004	2005	2006
$6.74	$31.24	$31.90	$33.98	$18.82

2008
NGL TRANSPORTATION ALLOWANCE AND DEDUCTIONS

MONTH	PENTANES PLUS (a)				PROPANE AND BUTANE (b)				PENTANES PLUS, PROPANE & BUTANE (c)				FRAC. ALLOW. (per m3)
	REGION				REGION				REGION				
	1	2	3	4	1	2	3	4	1	2	3	4	
JAN	17.37	-0.22	62.47	29.39	35.99	24.98	32.04*	15.08	44.40	38.81	63.16	51.03	16.50
FEB													
MAR													
APR													
MAY													
JUN													
JUL													
AUG													
SEPT													
OCT													
NOV													
DEC													

(a) Pentanes Plus obtained as a specification gas product,
(b) Propane and Butane obtained as specification products, and
(c) Pentanes Plus, Propane and Butane contained in a natural gas liquids mix.

* Current month calculated allowance is based on an estimate.

Note: For details on "Prior Period Amendment Effects", see Attachment 2A.

PRIOR PERIOD AMENDMENT EFFECTS												
NGL REFERENCE PRICES	January 2008											
	Propane		*Butanes*		*Pentanes*							
Price before amendments	379.182662		533.350932		631.907090							
Opening Rollover (from prior business mth)	-0.003125		-0.004047		-0.003648							
Prior Period Amendment Adj. (NGL-100)	0.324550		0.000000		0.000000							
Published Reference Price	**379.50**		**533.35**		**631.90**							
TRANSPORTATION ALLOWANCES	January 2008											
	Pentanes Plus				Propane and Butane				Pentanes Plus, Propane & Butane			
AMENDMENTS	Region 1	Region 2	Region 3	Region 4	Region 1	Region 2	Region 3	Region 4	Region 1	Region 2	Region 3	Region 4
Opening Rollover (from prior business mth)	0.003181	0.003625	0.004286	0.001797	0.004317	-0.001228	-0.001622	0.003290	0.002669	0.003916	-0.003199	-0.001438
Prior Period Amendment Adj. (NGL-100)	0.000000	0.000000	0.000000	0.000000	0.133409	0.097967	0.150877	0.324550	0.131970	0.126924	0.097711	3.544103
Total Amendment Effect	0.003181	0.003625	0.004286	0.001797	0.137726	0.096739	0.149255	0.327840	0.134639	0.130840	0.094512	3.542665
Calculated Transp. Differential	17.367354	-0.221755	62.460937	29.390965	35.848976	24.883922	31.893449*	14.752376	44.261269	38.681708	63.064995	47.491673
Calculated Transp. Differential after Total Amendments	17.370535	-0.218130	62.465223	29.392762	35.986702	24.980661	32.042704*	15.080216	44.395908	38.812548	63.159507	51.034338
Published Transportation Allowance	**17.37**	**-0.22**	**62.47**	**29.39**	**35.99**	**24.98**	**32.04***	**15.08**	**44.40**	**38.81**	**63.16**	**51.03**

*Any estimates represented by (*) are calculated as the weighted average of the other regions for the same spec product transportation allowance, since the region is zero. The weightings are based on the previous year's production.

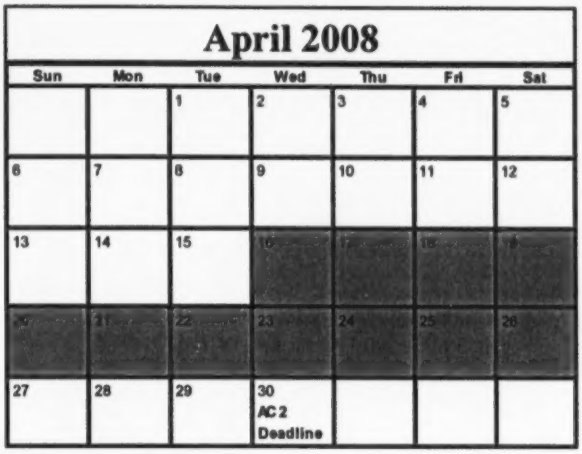
2008
ROYALTY RATES

MONTH	METHANE-OLD (% per GJ)	METHANE-NEW (% per GJ)	ETHANE - OLD (% per GJ)+	ETHANE - NEW (% per GJ)	PROPANE (% per m^3)	BUTANES (% per m^3)	PENTANES – OLD (POL) (% per m^3)	PENTANES - NEW (PNE) (% per m^3)
JAN	35.00000	30.00000	35.00000	30.00000	30.00000	30.00000	47.56587	33.86987
FEB								
MAR								
APR								
MAY								
JUN								
JUL								
AUG								
SEPT								
OCT								
NOV								
DEC								

AC2 GCA Form – Grace Period

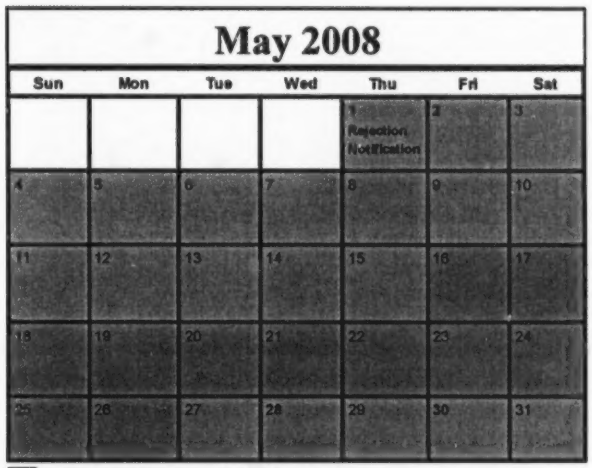
Invoice Blackout Period:
The timeframe when the Crown Royalty invoice is calculated and verification is completed. During this period, Industry may make submissions to PRA however submission confirmation and processing by MRIS is not completed.

Example:
A client submits an AC2 on the April 30 deadline. If the submission fails edits and is rejected a rejection notification will be sent overnight to the client to review on May 1.



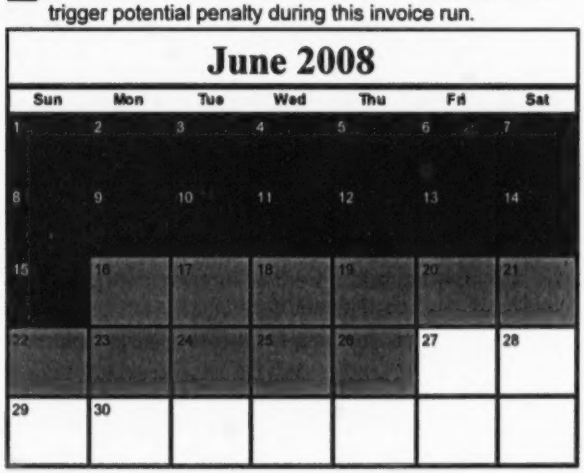
Invoice Blackout Period.

The client has 15 days to re-submit the AC2 prior to the March 2008 invoice run in May. The invoice will commence calculation on May 16th therefore no submissions will be processed by MRIS during the invoice blackout period. If a corrected re-submission is not received by May 15, a penalty for failing to file will be assessed.



Open period for re-submission.
Invoice Blackout Period – Rejected AC2 documents will trigger potential penalty during this invoice run.

Once the completed March invoice has been released to Industry, the client has an additional 20 days to re-submit the system acceptable AC2.
This timeframe includes the 15 day grace period. The penalty will be reversed if the submission is received within this 20 day period.



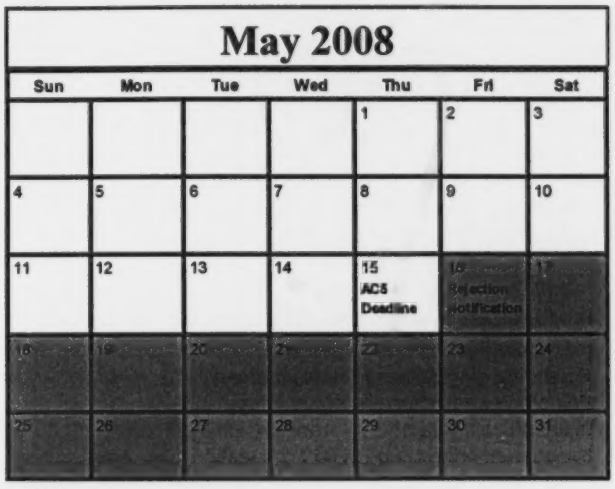
15 Day Grace Period for amendment and re-filing of AC2 submissions thereby eliminating the penalty being charged in this invoice run.
Invoice Blackout Period.

Total Number of Days to Amend & Re-Submit = 35 Days

AC5 GCA Form – Grace Period

Invoice Blackout Period:
The timeframe when the Crown Royalty invoice is calculated and verification is completed. During this period, Industry may make submissions to PRA however submission confirmation and processing by MRIS is not completed.

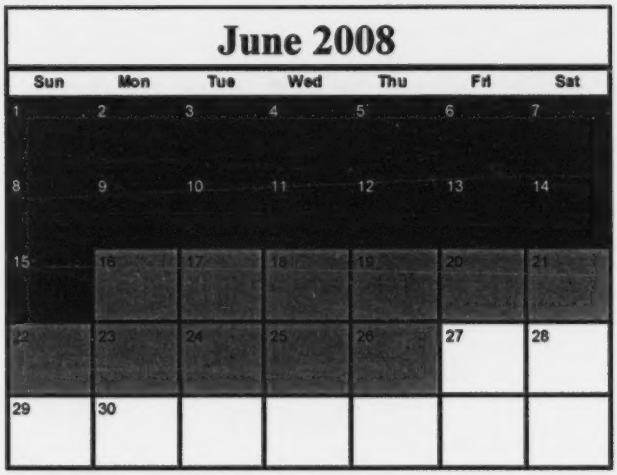
Example:
A client submits an AC5 on the May 15 deadline. If the submission fails edits and is rejected a rejection notification will be sent overnight to the client to review on May 16. This triggers a 15 day grace period for re-submission of a system acceptable AC5. The invoice will commence calculation on May 16, therefore no submissions will be processed by MRIS during the invoice blackout period.



Invoice Blackout Period.

Open period for re-submission.

Once the completed March 2008 invoice has been released to Industry, the client has 20 days to to re-submit a system acceptable AC5. This timeframe includes the 15 day grace period.



15 Day Grace Period for amendment and re-filing of a system acceptable AC5.

Invoice Blackout Period.